



Agenda Date: 12/17/03
Agenda Item: 2D

State of New Jersey
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

IN THE MATTER OF THE ESTABLISHMENT)
OF AN INTERIM PORTABILITY POLICY)
FOR UNIVERSAL SERVICE FUND CREDITS)

ENERGY

ORDER

DOCKET NO. EX00020091

(SERVICE LIST ATTACHED)

BY THE BOARD:

Background/Procedural History

The Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. (EDECA or the Act) provides that the Board establish a non-lapsing Universal Service Fund (USF) to assist low-income consumers with the payment of electric and gas bills. On April 30, 2003, in this same docket the Board approved a USF program, and on July 16, 2003 approved rates (per therm/per kwh) set to recover a \$33 million budget, which includes estimated administrative and start-up costs in the amount of \$3 million. In the April 30, 2003 Order, the Board stated that USF benefits should be portable. As a result, Staff determined the USF credit should remain with the customer for the course of the program year as long as he/she moves to another utility service territory within the State of New Jersey.

Discussion

Since the program began on October 1, 2003, Staff and the working group have had discussions on how to address implementation of the portability of the USF credit and the handling of closed accounts. Staff and the working group are proposing an interim policy for implementing the Board's order that USF credits be portable and have recommended a standard letter be used when accounts are to be closed out.

It is the opinion of the working group that a centralized source of data on USF customers accessible by the utilities is the most effective way to facilitate the portability of USF credits. When the USF program becomes fully implemented which includes a manual enrollment process, the Department of Human Services (DHS) will most likely serve as this central clearinghouse for USF data. However, DHS does not yet have the capability to serve this function, and neither Staff nor the utilities have yet identified a party capable of serving this

function in the immediate term. Therefore, Staff is recommending the utilities should adhere to the following interim policy for handling the flow of information relevant to USF benefits:

- 1) When a USF customer terminates his/her account with his/her utility ("former utility"), the former utility will send the customer a letter ("termination letter") notifying him/her that his/her USF benefit is portable. The template for this letter is attached.
- 2) The former utility will pay the full monthly USF benefit for the last month that the customer's account is open, and will not make further USF payments to that customer after the account is closed.
- 3) If the customer moves into another New Jersey utility service territory, the customer must notify his/her new utility that he/she is a USF recipient.
- 4) To verify the new customer's status as a USF recipient, the new utility can request basic information about the customer's former utility account, information from the termination letter, or can request to see a copy or original version of the termination letter or a recent bill from the customer's former utility.
- 5) If the new utility still has doubts about the customer's status as a USF recipient, the new utility can contact the former utility and verify the customer's enrollment.
- 6) Once the customer has either provided adequate verification to the new utility's satisfaction, or provided proof of their enrollment in the form of a recent bill or termination letter, the new utility must begin issuing the USF customer's credit for the remainder of the benefit year.
- 7) The customer will be issued credits of the same size he/she was receiving with the former utility.
- 8) If the customer delays in notifying his/her new utility for one month or more, but still notifies the new utility within the same benefit year when he/she moved into the new utility service territory, the new utility will issue the full USF benefits owed to that customer beginning with the first full month that he/she had an account with the new utility and ending with the month he/she received a USF credit through the regular course of billing. If the customer notifies his/her new utility within three months of the end of the previous benefit year, the new utility will issue the full USF benefits owed to the that customer beginning with the first full month that he/she had an account with the new utility and ending with the month they should have received their final USF credit for the benefit year. If the customer notifies his/her new utility more than three months after the beginning of the next benefit year, the customer forfeits his/her right to claim old USF benefits.
- 9) At certain times of the year a customer may have a USF balance on his/her account because the USF credit is spread evenly throughout the 12-month benefit year while energy usage is variable. If a customer terminates his/her account with his/her former utility while there is a USF credit on the account, the credit will be transferred to the customer's account with his/her new utility, unless that credit is less than \$10, in which case the balance will simply go back to the USF fund and will not be transferred to the customers new utility.

- 10) The former utility shall keep a record of all USF customers that have closed accounts, and the new utility shall keep a record of all new USF customers that have entered its service territory.
- 11) The Department of Human Services (DHS) does not need to be notified about customer moves.
- 12) If a USF customer moves to a new address and does not open a new utility account under his/her name (e.g. if utilities are now included in his/her rent) then the person will no longer receive his/her USF benefit.

In conjunction with this policy a proposed form of letter is to be used for notification to the USF customer of what will need to be done by the customer to ensure portability of the credit. After review of the proposed interim policy, the Board HEREBY APPROVES this interim policy for the handling of closed accounts and for the portability of the USF credit.

DATED: 12/18/03

BOARD OF PUBLIC UTILITIES

BY:

(SIGNED)

JEANNE M. FOX
PRESIDENT

(SIGNED)

FREDERICK F. BUTLER
COMMISSIONER

(SIGNED)

CAROL J. MURPHY
COMMISSIONER

(SIGNED)

CONNIE O. HUGHES
COMMISSIONER

(SIGNED)

JACK ALTER
COMMISSIONER

ATTEST:

(SIGNED)

KRISTI IZZO
SECRETARY

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